

**TOWN OF ACTON  
INTERDEPARTMENTAL COMMUNICATION  
TOWN MANAGER'S OFFICE**

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**DATE:** December 29, 2004

**TO:** Board of Selectmen

**FROM:** Don P. Johnson

**SUBJECT:** FY06 Budget Policy Direction

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On December 17 Chairman Hunter requested that staff propose a Saturday date for the annual Budget Workshop with the Board of Selectmen, Finance Committee and Department Heads. In my response of that same date (copy attached), I outlined a schedule and concluded that February 12 was the earliest possible date - given the policy direction that staff needs from the Board and the work involved in producing the normal budget books. In subsequent discussions with the Chairman and Vice-Chairman both have advised that we needed to find a way to have this workshop earlier. The ultimate conclusion was that we could move the schedule forward 2 weeks, to January 29, if staff did not have to produce the budget books for the Workshop. Accordingly, at the January 3 meeting, we will ask the Board to schedule the annual Budget Workshop for Saturday, January 29.

In my December 17 memo I indicated that it would be necessary for the Board to give staff clear policy and priority direction on January 3 if we were to have any hope of meeting the proposed schedule. Now that we are shortening that timeline, it becomes imperative that the Board give us all of the policy direction necessary on January 3. The next opportunity for us to receive direction from the Board will not be until January 24 and that will be too late for us to prepare for the Workshop on the 29<sup>th</sup>.

In order to assist the Board in reaching its decisions with respect to budget priorities, I have promised to give you staff's thoughts on the types of cuts and impacts we envision. We urge you to consider these as a menu of possibilities. They are not offered in any priority order and the Board should not consider them as recommendations of staff. Rather, they are offered to give you a sense of the types and magnitudes of cuts that will be necessary in order to achieve the FY06 Municipal B-Budget. In fact, the suggested potential approaches might well be seen as polar approaches that "bracket" the range of policy options available to the Board.

First, I would point out, as I have previously, that the A-Budget represents a qualified “maintenance” budget. In theory, it carries forward programs and personnel from the FY05 Budget and provides for the necessary triennial revaluation required by state law. It provides nothing else. We are not able to replace worn equipment and vehicles for the second consecutive year, we are not able to add any of the needed personnel requested by our departments and we are not able to undertake any of the infrastructure repair and replacement programs recommended by our staff.

The shift in budget split has effectively cost the Municipal Budget an unseen 10% cut in the last 10 years. Starting from that perspective, the FY06 B-Budget requires elimination of an additional \$1,483,000 worth of goods and services from Municipal operations. This represents a budget that would actually be reduced \$226,000 below the current FY05 funding level.

In order to place the necessary reductions in perspective, we have considered several basic approaches. In my budget message on December 13, I outlined some of these possibilities. Below, I have provided more detail, as well as other possibilities. Again I would stress that these can be used in whole or in part, depending on the Board’s priorities. Furthermore, these are not all of the possibilities. We could go back through the budget, yet again, and try to comb out nickels and dimes (and we will do so as we review the detail with our department heads) but the magnitude of the cuts necessary to meet our required reduction is such that we must first concentrate on the big ticket items. That is what you will see described in the balance of this document.

We have approached the “Big Four” (Police, Fire, Highway and Memorial Library) and assigned them proportionate shares (based on their relative salary budgets) of the entire cut. These Department Heads have indicated that if they are to make these cuts, they would do so as follows:

THE BIG FOUR		
DEPARTMENT	REQUIRED CUT	CUMULATIVE SAVINGS
<u>Police:</u> Proposed Cuts and Potential Impacts: Please see enclosed comments from the Police Chief.	\$543,000	\$543,000
<u>Fire:</u> Proposed Cuts and Potential Impacts: Please see enclosed comments from the Fire Chief.	\$621,000	\$1,164,000
<u>Highway:</u> Proposed Cuts and Potential Impacts: Please see enclosed comments from the Director of Public Works and Highway Superintendent.	\$166,000	\$1,330,000

<u>Memorial Library:</u> Proposed Cuts and Potential Impacts: Please see enclosed comments from the Library Director.	\$154,000	\$1,484,000
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An alternative approach, holding the Big Four harmless, would be to consider eliminating departments that support boards and committees with statutory responsibilities and certain departments that are not statutorily required. In these cases the boards and committees would perform only the essential, statutory functions required by law and all other services would be lost. The affected Boards, Committees and Departments could include:

BOARD, COMMITTEE OR DEPARTMENT	ESTIMATED SAVINGS	ESTIMATED CUMULATIVE SAVINGS
<u>Board of Assessors:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Board members would be required to assume all statutory duties and provide any minimal office coverage deemed necessary. Board members would be responsible for all valuation and revaluation work, Appellate Tax Board appearances, etc. Service to the public would be severely curtailed.	\$157,000	\$157,000
<u>Planning Board:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Board members would be required to assume all statutory duties and provide any minimal office coverage deemed necessary. Ancillary staff support to CPC, Village Study Committees, ACHC, etc. would be lost. Service to the public would be severely curtailed.	\$149,000	\$306,000
<u>Board of Health:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Board members would be required to assume all statutory duties and provide any minimal office coverage deemed necessary. Staff support for Sewers, Groundwater Studies, W.R. Grace Cleanup, etc. would be lost. Service to the public would be severely curtailed.	\$234,000	\$540,000

<u>Conservation Commission:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Commission members would be required to assume all statutory duties and provide any minimal office coverage deemed necessary. Committee members would be responsible for wetland flagging, violation notices, etc. Service to the public would be severely curtailed.	\$80,000	\$620,000
<u>Council On Aging:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Council members would be required to assume any statutory duties and provide any minimal office coverage deemed necessary. Programs and services to the senior community would be virtually eliminated. The Senior Center would probably be closed.	\$123,000	\$743,000
<u>Engineering Department:</u> <u>Potential Cut(s):</u> Eliminate all staff. <u>Suggested/Potential Impacts:</u> Plan review, design and inspection services for Planning Board, Selectmen and all land development boards, committees and departments would be lost. In-house design of Highway Department projects would be eliminated. Service to the public would be eliminated.	\$227,000	\$970,000
<u>West Acton Citizens' Library:</u> <u>Potential Cut(s):</u> Eliminate all staff support. <u>Suggested/Potential Impacts:</u> Trustees would be required to provide any minimal hours of operation. Service to the public would be severely curtailed.	\$26,000	\$996,000
<u>Finance Committee:</u> <u>Recommended Cut(s):</u> Eliminate Reserve Fund <u>Suggested Potential Impacts:</u> Unexpected budgetary expenses during the year would have to come from the Bottom Line Budget. This resource would not exist to solve such issues.	\$25,000	\$1,021,000

As can be seen in the Cumulative Column above, the elimination of staff support for all of these functions would yield only slightly over \$1,000,000 in budgetary savings. We would still need to cut budgetary expenses an additional \$462,000 to reach the \$1,483,000 required cut. In this instance the Board might consider the following additional adjustments:

Board, Committee or Department	Cut	Cumulative \$
<u>HIGHWAY DEPARTMENT:</u> <u>Potential Cut(s):</u> Eliminate all budgetary paving funds except \$50,000 for "pot hole" repairs. Pave only to the extent that Chapter 90 is funded. <u>Suggested/Potential Impacts:</u> Chapter 90 funding is subject to reductions and even elimination at the whim of the state. Even in the best of times, is not sufficient to properly maintain our 100 plus miles of roadway. Roadways would deteriorate at a more rapid rate. At some point, major reconstruction of roadways would be necessary, rather than the relatively inexpensive grinding and resurfacing we customarily do with these budgeted funds.	\$150,000	\$150,000
<u>RECREATION DEPARTMENT:</u> <u>Potential Cut(s):</u> Eliminate all remaining General Fund support for Recreation Department. Increase fees to cover deficit and make Recreation totally self-funded. <u>Suggested Potential Impacts:</u> We have long been concerned that we might price our recreation programs out of the market. This would have the potential of doing that. It might also place the recreational opportunities provided by the Town out of the financial reach of less fortunate citizens.	\$151,000	\$301,000
<u>NURSING ENTERPRISE FUND:</u> <u>Potential Cut(s):</u> Charge Enterprise Fund for Indirect Overhead Costs <u>Suggested Potential Impacts:</u> Deplete Fund Balance and potentially jeopardize Nursing services to those in need.	\$60,000	\$361,000

<u>NESWC ENTERPRISE FUND:</u> <u>Potential Cut(s):</u> Charge Enterprise Fund for Indirect Overhead Costs <u>Suggested Potential Impacts:</u> Deplete Fund balance being held for other purposes. This would be a one-time source of funds.	\$61,000	\$422,000
<u>ALL DEPARTMENTS:</u> <u>Recommended Cut(s):</u> Cut discretionary expense categories 10%. <u>Suggested Potential Impacts:</u> Most of these categories were cut to the bare minimum years ago. This would significantly impact the organization's ability to produce and distribute materials and information necessary for boards, committees and the general public to be, and stay, informed.	\$40,000	\$462,000

As I observed in my opening comments, these are but a few of the possible permutations. They are "bookends" that describe the extremes of the solution sets. The Board might prefer to pick-and-choose. The Board might wish to take a substantial portion from the Big Four and then distribute the balance. Conversely, the Board might go to the smaller departments as noted above but provide "skeleton" staff, or consultants, to support the volunteer boards with their statutory responsibilities, and then take a lesser amount from the Big Four.

Staff is prepared to discuss the above, or any other approaches the Board may wish to consider to solve this dilemma. We will act on, and implement, any direction the Board gives but we desperately need the Board to give us that policy direction Monday in order to prepare for the January 29 Budget Workshop.



**Don Johnson**

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**From:** Don Johnson  
**Sent:** Friday, December 17, 2004 5:33 PM  
**To:** Dore' Hunter; Manager Department  
**Cc:** Board of Selectmen; Finance Committee  
**Subject:** RE: Budget Saturday

Dore':

We have reviewed potential schedules with Finance and offer the following:

- John and I will try to get some information out to the Board over the next two weeks, answering the kinds of questions you posed in your e-mail yesterday and giving the Board a better sense of the types of cuts/impacts we envision.
- When the Board meets on January 3 we will need to get some clear direction as to the Board's preferred approach in these areas.
- Gaining the Board's direction and priorities on the 3rd, we would propose to assemble staff for a day or two during that week and try to lay the groundwork to allow our Department heads to work out the necessary cuts.
- The magnitude and severity of the cuts that must be made suggests to me that we will need to work with departments over the two following weeks (w/o 1/9 and w/o 1/17) to identify the cuts necessary and develop their B-Budgets.
- We will then need about a week for Finance to put the numbers into the system (w/o 1/23).
- The budget books would not be ready but John and I could present the final staff recommendations at the Selectmen's January 31 meeting.
- We will need 3-4 days to assemble, copy and collate the budget books (w/o 1/30). We would propose to deliver the books when they are ready - at the end of the w/o 1/30 or the beginning of the following week. This gives us the potential of the weekend of February 5-6, in case we need it.
- We would propose to hold the Budget Workshop on Saturday, February 12. (This would give the BOS and Fincom 4-7 days to look over the book in preparation for the workshop.)

I trust this will meet with your and the Board's approval. We really do not see a realistic way of having the workshop any earlier. The schedule has been made all the more difficult by the resignation this morning of one of our people in Finance, the retirement of another in early January and the fact that John Murray is scheduled for surgery sometime in mid to late January.

Regards,  
Don

-----Original Message-----

**From:** Dore' Hunter  
**Sent:** Friday, December 17, 2004 10:17 AM  
**To:** Manager Department  
**Cc:** Board of Selectmen; Finance Committee  
**Subject:** Budget Saturday

Don,

Now that I think we can see the outlines of what the approximate bottom line budget choices may be for FY '06, can you propose a Saturday date and time for our customary "Budget Saturday Meeting" of the Board of Selectmen and the Finance Committee?

Regards,  
Dore' Hunter  
Selectman, Town of Acton, MA

12/30/2004